Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

A280.29
F22I

Information 36

THE WAY FARMER COOPERATIVE SERVICE WORKS

Farmer Cooperative Service
U.S. Department of Agriculture

A VITAL LINK IN THE CHAIN OF COOPERATIVE PROGRESS

FARMER COOPERATIVE SERVICE
U. S. DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

Joseph G. Knapp, Administrator

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization, policies, merchandising, product quality, costs, efficiency, financing, and membership.

The Service publishes the results of such studies, confers and advises with officials of farmer cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

This publication is designed to show how the Farmer Cooperative Service carries on its day to day activities. It has been prepared in response to many requests for such information.

March 1963

Contents

	Page
A day in FCS	1
Studies heart of work	4
Cover wide range	4
How they are made	6
Educational work vital	7
Tell of findings in meetings	8
Publications widely used	8
Impact of work	11
Keys in with other programs	14
Rural Areas Development	14
International activities	15
Authority for activities	16

The Way Farmer Cooperative Service Works

by Beryle E. Stanton

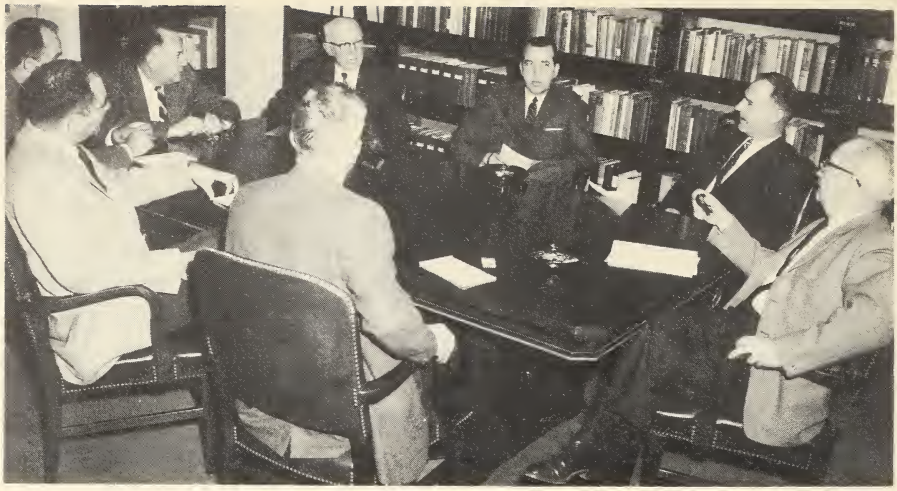
The day began quietly enough for the Administrator of Farmer Cooperative Service, the agency charged by Congress with the responsibility for doing research, educational, and advisory service work for some 9,300 U. S. farmer cooperatives.

A Day in FCS

He began to go over letters that had come in late the day before. The first one was from a regional grain cooperative of about 100 local cooperatives with a total of 2,500 members.

It read -- "Can your agency help us with our annual workshop for the directors in our local cooperatives? We believe many of our farmer directors need to know more about what they are supposed to do as directors. Can someone on your staff come out and give us a talk on Directors' Responsibilities and help with the work sessions we are planning? And can you let us have 200 copies of your publication on the selection and qualifications of directors that we could hand out at the conference?"

While the Administrator was handling this request, the phone rang. The call came from the Rural Areas Development office. The question was this -- "When can we expect the publication on forestry cooperatives that you are working on with Forest Service? We need some copies to go out to the RAD committees and the woodland operators. We understand this will show how woodland owners can develop better markets for their timber."



Joseph G. Knapp, Administrator of Farmer Cooperative Service (at head of table) and FCS staff members confer with cooperative representatives on a problem...an example of the advisory service activities that FCS does as well as carrying on a research and educational program.

The Administrator checked with the Information Office on the publication. He then called RAD to say the report was in the hands of the printer and should be ready in about 3 more weeks...but in the meantime he could furnish reprints of an article on forestry co-ops in the Agency's monthly magazine, NEWS FOR FARMER COOPERATIVES.

The phone rang again. This time it was long distance -- from a professor in the agricultural economics department of a large midwest State agricultural college. He asked first if he could have 15 copies each of 2 basic publications on cooperatives to use in teaching his course on cooperatives.

He also wanted whatever additional information -- publications, copies of talks, or whatever was available -- that would be helpful to one of his students who was writing his master's thesis on "What Farmer Cooperatives Contribute to the Agricultural Economy."

The Administrator jotted down the request and sent it on to the publications office for them to fill.

The next letter was from the president of a local cooperative. "We have just hired a local young man as the new manager of our cooperative and he needs more information on the operation and management of cooperatives. We are a small organization with about 200 farmer-members, and don't have the money to send him to an expensive management school. I noticed several of your publications at the American

Institute of Cooperation that I believe would help."

The Administrator dictated a reply saying publications on cooperative principles, organization, and management would be sent from the publications office, and that within a few months the Service would have a new publication that could be useful to them, a management manual for small cooperatives.

This request reminded the Administrator of plans for the agency's own annual workshop. He called the chairman of the committee and found the program was being shaped around specific and detailed ways staff members could improve their performance and their effectiveness in meeting cooperatives' needs.

Just then a Government official from a foreign country came in. Since he had the responsibility for heading his country's cooperative program back home, he was interested in finding out all he could about how U. S. cooperatives work, and about the research, service, and educational activities of Farmer Cooperative Service.

The Administrator called in several staff members and they spent about an hour discussing problems and possibilities of cooperatives in the foreign official's country. He left his name to be added to the mailing list for the NEWS FOR FARMER COOPERATIVES and for announcements of new publications.

After the foreign visitor left, the Administrator got back to his letters. He accepted an invitation to speak at the annual conference of a District Bank for Cooperatives. He acknowledged a progress report on several research studies in the Marketing Division. He suggested to a staff member possible improvements in a manuscript that compared the costs of operations in several grain cooperatives.

That was the start of a typical day. It gives a good sample of the wide variety and large number of requests coming in to this national center for information and study on farmer cooperatives.

About 1,000 young people -- representatives of agricultural youth groups -- attend the annual summer sessions of the American Institute of Cooperation. FCS has copies of its publications on display there. Future Farmers of America and 4-H Club young people -- represented here by Stuart Lamb of Hamilton, N.Y., and Miss Marie Topel, Blackwater, Mo., respectively -- use many FCS publications in the cooperative activities which can win them a trip to this Institute conference.

Studies Heart of Work

Since four out of five farmers are members of cooperatives, these associations are as varied and complex as American agriculture. Farmers need a wide range of information to run modern cooperative businesses such as citrus concentrate or poultry processing plants, feed mills, or fertilizer plants.

Just how big a business cooperatives handle is indicated by the $12.4 billion annual net volume reported for 1960-61 in the statistical report series FCS prepares each year on marketing, purchasing, and related service cooperatives.

A steady 2-way flow of information is centered in FCS -- from the agency to cooperatives, and from cooperatives to the agency. The files, publications, and the minds of the staff thus reflect a continuing picture of problems, opportunities, adjustments to change, and reasons for cooperative successes or failures.

Cover Wide Range

The wide range of FCS activities can be shown by mentioning some of its recent work:

● Taking a comprehensive look at livestock pooling in general, and two specific studies on feeder cattle and feeder pig pooling. These pinpoint the best ways to operate, the advantages of pooling, and the complications that can arise.

● Studying possibilities for joint selling by several cooperatives of several products -- and best ways to do this. Growers, cooperatives, and other shippers must find better ways to market their products to today's mass buyers. Often a cooperative doesn't have enough of one product to meet the demands of a large chain store. Problems of merchandising, use of brands or private labels, and many others are involved in these studies of join selling.

● Finding ways to improve efficiency of growers' organizations that market peanuts. Bulk handling and other innovations have brought vast changes to the peanut industry. This study of the market structure for peanuts should provide a better understanding of what is happening and help set up guides for better systems, reduced costs, and increased returns to growers. North Carolina State College is cooperating on this study.

● Identifying new practices and services farm supply cooperatives should provide. In addition to a completed study on liquid fertilizer distribution, more information is being obtained to determine whether pricing should be the same for large and small volume users and what the general practices are; how far to go in direct distribution of supplies (that is, direct from factory to farm, thus bypassing both regional and local cooperative offices); and what farm management services farmers would like to see added.

C. G. Randell (right) -- a USDA specialist on cooperatives for over three decades until he retired in 1962 -- discusses improvements in operations of Equity Cooperative Livestock Sales Association, Milwaukee, Wis., with officials of the organization during a study. Seated facing Mr. Randell is C. F. Claflin, General Manager, and standing is the late R. H. Steidl, former Assistant General Manager.

● Describing how a livestock cooperative shifted from a terminal market operation to setting up and selling at a number of local auctions. During this study, the cooperative livestock specialist suggested improvements in facilities, record keeping, and the use of labor that saved the farmers thousands of dollars.

He could make these suggestions because of his long years of experience in all phases of livestock cooperative work. He also obtained and put into the published report information for other livestock producers wanting to shift to auctions -- information on solving problems of membership and public relations, financing, field services, getting business, and use of personnel.

● Supplying information that led to 14 interested farm groups, including some cooperatives, deciding not to build new soybean processing plants -- thus saving producers and others time and money.

● Completing a series of studies on causes of variations in egg handling costs and labor output in several cooperatives. The cooperatives can thus compare their costs to others and find trouble spots in their own operations.

● Developing criteria to help dairy cooperatives meet changes in today's technology and market structure and still maintain the type of organization and operation that will help farmer members get the best possible returns for their products.

FCS recently published a bulletin giving criteria by which dairy cooperatives can evaluate their operations. One of the larger dairy cooperatives in this country, Golden Guernsey Dairy Cooperative, Milwaukee, Wis., has an active program for young people -- both children of members as shown here and city youngsters who eat or drink its products.

● Analyzing cooperative financing for basic information on importance and extent of contributions by farmers in building a strong financial structure.

● Continuing a series of detailed studies on causes of losses in moving livestock from farm to packing plant. Since estimates of losses run as high as $50 million a year, the producer, the handler during shipping, and the consumer all bear a share of this loss. Findings show causes of losses and suggest ways to reduce them.

How They Are Made

Assisting farmers with the urgent problems they face in operating their cooperatives calls for a varied approach. The cooperative specialists draw on the knowledge they have collected while working with the changes and developments in the day-to-day business and plant operations of hundreds of cooperatives.

They carefully read important background information on whatever problem they're trying to solve. They add to their store of knowledge by talking to fellow staff members. Sometimes, to get more information, they go to other agencies in the Department of Agriculture or to other departments within the Government.

From the particular cooperative they may be studying they get all the information that bears on the problem. Since environment has a direct influence on the co-op's operations, they often take a broad look at the community itself. For example, if a cooperative can't get enough volume from members to go into a new activity, if it can't find the kind and number of employees to man a new plant, if it can't find a good market for products, the cooperative obviously will cancel any further plans for the new activity.

They often work closely with a county agent, a State Extension or university man who knows the situation or with a staff member from the Bank for Cooperatives serving that particular district. These resource people help them gather all pertinent information and are often consulted on final suggestions.

Educational Work Vital

The demands on individuals are great. They encompass not only knowing about cooperatives and specialized commodity operations, but also about cooperatives' broad agricultural economic environments.

These specialists must also know people, know how to get information, and be fully aware of the need to keep business matters confidential.

Moreover, these cooperative specialists must also be able to present their results effectively -- by reporting in talks to farm meetings and boards and in written publications. In other words, they must package findings effectively and convincingly enough to get them put into use.

This means that the staff must be more than solvers of problems; they must also be sellers of solutions. Only then can farmers take the facts as presented in the various studies and make wise decisions to improve the effectiveness of their cooperatives.

Thus the staff must continually work to improve its own performance. Many of them go to conferences, short courses, and workshops on such professional techniques needed as management improvement, data processing, oral communications, and writing better reports. All the staff attend the annual agency workshop which is a definite work improvement session.

FCS staff must be able to show results of their work in oral presentations. Here a staff member, Irwin Rust, discusses proposed changes in a cooperative's organization structure with other FCS employees.

FCS staff work to improve their performance in many ways. Here some of them are gathered in a case study session at a recent annual Workshop.

Tell of Findings in Meetings

Helping set up a special meeting or conference and also giving talks at these and at other meetings or conferences called by others is another way the staff gets information to cooperatives and farm leaders.

One example is the series of four annual regional member relations conferences the staff has been sponsoring jointly with the American Institute of Cooperation. These have done much to improve activities in member relations as well as to create a better understanding of what it takes to get more farmers involved and participating in their cooperatives.

This past year about 300 people attended these conferences. They represented 130 cooperatives directly and about 8,500 cooperatives indirectly. These people both told and heard about ways to build an effective member relations program.

Again with the American Institute of Cooperation, FCS sponsored a national conference on research and teaching with the people in the colleges who do this work on cooperatives. Purpose of this was to exchange ideas and to bring about better coordination among these workers.

FCS also continued to help sponsor an annual conference for fruit and vegetable bargaining cooperatives and for cottonseed and soybean oil processors. Here each year problems are discussed and ways to improve operations are sought.

Publications Widely Used

In addition to what the staff does personally to present results of findings or suggest better cooperative operations, they put

findings from practically all of their work into written reports.

FCS has been building a foundation of basic cooperative publications for many years, adding 50 or so new ones each year. It now has nearly 300 publications available to answer requests for information about cooperatives. These cover almost the full range of cooperative activity. As examples, FCS has --

- A yearly statistical report on number of memberships, and amount of business by States and by commodities. This is widely used by colleges, Extension Service, the press, students, researchers, cooperatives, and others, as it gives the only complete picture of United States farmer cooperatives that market, purchase, and provide related services.

- A comprehensive history of the development of farmer cooperatives in the United States.

- A series of educational publications covering practically the entire range of cooperative activities. Examples include -- Using Your Fruit and Vegetable Cooperative, Sizing Up Your Cooperatives, and Forming Farmer Cooperatives. Each year vocational agriculture teachers and their classes use about 60,000 of these and other educational publications geared to their needs. Many 4-H Club members also use FCS publications as aids and background for cooperative activities, particularly in essays and speaking contests.

- Many reports on successful cooperative operations ... a circular on Sunkist Growers -- A California Adventure in Agricultural Cooperation, as one example.

These young people have put on a demonstration on how to build a cooperative. Vocational agriculture classes and 4-H clubs often get ideas for this type demonstration from some of FCS' educational publications.

● A series of publications on impacts of economic integration and extent of it in cooperatives -- including reports on extent of cooperative integration in feed, dairy, and petroleum operations, and specific examples of individual cooperative's activities.

● Other publications that deal with operations of various types of cooperatives, basic principles of operation, methods of improving member relations and communications, and principles of financing.

Several hundred requests for publications come in weekly to FCS. Its first distribution of a new report is quite small. But it also sends out announcement cards to selected lists, such as managers of dairy cooperatives if it is a dairy publication, and then fills requests as cards come back. This pinpoints the distribution to those who actually need and ask for the publications.

FCS also publishes its monthly magazine, NEWS FOR FARMER COOPERATIVES, to help get results of its studies out quickly. In addition, the NEWS carries educational articles on cooperative principles and practices and stories on specific cooperative activities. The NEWS is primarily directed to co-op managers and farmer directors, but many college and Extension workers and others interested in cooperatives also receive it on request.

The NEWS helps amplify the staff work. For example, in addition to the original readers of the magazine, many cooperative magazines, newsletters, and newspapers reprint NEWS articles in whole or in part.

Beryle Stanton, left, Editor of FCS' monthly magazine, News for Farmer Cooperatives, discusses a proposed article with Arthur Broadwin of the National Dairy Council on its activities with cooperatives.

This increases the readership -- as these publications have circulations ranging from a few hundred to as many as half a million in some instances.

The agency reprints many individual articles and distributes them to cooperatives and others upon request. It also uses these reprints to answer specific requests for information that continually flow into the office. In addition, it often puts together several related articles into one publication; for example, several articles on mergers were combined recently, and distributed as one of FCS' regular publications.

Each January issue of the magazine has a special function. It's the issue in which the staff takes a good look at where cooperatives are, evaluates changes needed and those being put into action, and makes some projections on what will and should be done in the future.

FCS uses its publications to answer questions about cooperatives from the Congress; trade associations; magazines; researchers; foreign officials, students, and cooperatives; and colleges, Extension Service, and many interested Government offices. And cooperatives use FCS publications to find ways to improve their operations.

And again, one publication is often magnified many times when a cooperative reprints the material or uses part of it in some of its communications to members.

As a recent example, a private firm is reprinting 25,000 copies of Information 28, Safety-Checking Handling Facilities To Reduce Livestock Losses. It is sending this to livestock handlers because it tells how costs can be reduced for producers, handlers, and consumers. This private organization has also based film strips and leaflets on the information in FCS's previous livestock loss reports.

FCS also gets out information in press releases, movies, television and radio programs, special articles, and the other communications methods.

Impact of Work

The farmers themselves are first and foremost in the sights of the cooperative specialists of Farmer Cooperative Service as they go about their work.

For it is the farmers as members and owners of the cooperative businesses who benefit directly from the increased returns, better markets, lower priced and better quality supplies, and better services they get through the cooperative method of doing business with their neighbors.

But the impact of this work also extends to the community

Farmer members and the co-op managers and key employees are the people for whom FCS does its research, service, and educational work. Shown here are the Manager, Public Relations, of the North Iowa Cooperative Soybean Processing Association, Ray Franklin on left, and a farmer board member -- Al Carstens -- of the same association in Mason City, Iowa.

and to the Nation at large in these ways --

1. Farmers usually spend their money in their community. Therefore, if one of the FCS studies shows how to lower the cooperative's cost of doing business and increase the farmer's returns, he can use additional money to buy what he needs in his home town.

2. Cooperatives hire local people to run their processing plants, their offices, or whatever their particular kind of operation needs. Obviously then, results of the FCS work to strengthen cooperatives also benefit employees who in turn spend their payroll in their home communities . . . with an added benefit to others in the town.

3. The experience, broadened horizons, increased grasp of business techniques, and ability to speak up, think, and talk as leaders are some of the intangible, but important, benefits of cooperatives to farmer members.

Many farm people have said they have gotten much help from talks by the staff, the publications, and the FCS monthly magazine on how to run a meeting, how to assume their responsibilities, and other information that gave them a background from which to speak and act as cooperative leaders.

4. Cooperatives have proved the one best hope of many a family farmer to stay in business. For it is only by joining with

his neighbors to get needed services and a more effective voice in the marketplace that he has sufficient strength to make himself heard. Many FCS studies show farmers ways to use this strength more effectively.

5. The consumer benefits also. Studies showing farmers ways to reduce their production and marketing costs have a reflected benefit to the buyer by keeping costs from running higher.

In addition, many of the studies, talks, and publications emphasize the need for quality products and cite examples of farmer cooperatives leading the trend to raising meat-type hogs, using USDA grade labels on products, and using research and modern processing and packaging techniques for new and better products for the consumer.

In today's system of supermarkets and mass merchandising of foods, better methods are needed to keep farm production in line with the grade and variety of product the consumer wants.

FCS studies on improving pooling and other grower payment methods that reward producers for improved products help reflect consumer preferences back to individual producers more accurately. Studies of joint sales agencies, and other methods of marketing the products of small cooperatives, show better ways to serve consumers

Joseph G. Knapp, Administrator, and Martin A. Abrahamsen, Deputy Administrator, of FCS look at some of the better known farmer cooperative brands. Many of the studies this agency makes benefit the consumer because they can help cooperatives improve their operations in turning out quality foods and fibers.

in markets that demand large volumes, uniformly good quality, and frequent deliveries.

6. If you multiply the benefits just mentioned by the thousands of rural communities where cooperatives operate today, you can see that the influence of the efforts to increase the effectiveness of farmer cooperatives also has a national impact -- one that leads to improvement in the general picture of agriculture, to a more enlightened and responsible rural population, and to better products for the consumer at the lowest possible price.

Keys in With Other Programs

FCS work is closely coordinated and tied in with that of many other Federal and State activities -- most of them previously mentioned. These include Banks for Cooperatives, colleges and universities, Extension Services, and the State and national cooperative organizations.

In addition, FCS has been putting more emphasis on its work in the Rural Areas Development (RAD) program and with cooperative leaders in foreign countries.

Rural Areas Development

Because cooperatives help make rural communities stronger, FCS helps evaluate proposals involving cooperatives that are being submitted through the Rural Areas Development program. As one example, FCS made an economic analysis and gave other

Because of important part cooperatives often take in helping build stronger communities, FCS takes an active part in the USDA's Rural Areas Development (RAD) program. Cooperatives are often one of the best businesses in a small town -- providing more income to farmers, jobs for local people, and otherwise benefiting the community.

advisory assistance to a mid-south cooperative that then built a feed mill to serve 15 RAD counties.

It also furnishes cooperative information to Rural Areas Development staff and local and State committees working on this program upon request, and many of the FCS staff have been active on various RAD committees.

Currently there has been a heavy demand for cooperative publications from RAD workers. During the past year, FCS distributed some 1,200 kits of publications to local and State committee people. Included were some basic cooperative publications on organization and operations, as well as several specifically prepared for the RAD program. The NEWS FOR FARMER COOPERATIVES has also carried articles and information on the program's activities and potentials if cooperatives were connected with them.

International Activities

Many of this country's leaders have said that cooperatives are one of the important means of countering communism, particularly in developing countries. This office finds a great interest in cooperatives from nearly every section of the globe.

It thus helps plan training programs for foreign nationals interested in cooperatives -- working with over 600 of them last year in conferences, helping select their courses in universities, arranging for tours of cooperatives to watch actual operations, and providing the foreign nationals with publications.

The Agency for International Development (AID) has stepped up its work on potentials for cooperatives abroad. Hence there has also been a heavy demand from their missions for publications and information. Some FCS staff members have gone on temporary assignments abroad to help in this work.

FCS also wrote a publication for AID on Rural Cooperatives in the United States. AID is publishing this in several languages.

The Peace Corps is also using many of the Department's publications on cooperatives in its training centers. In addition, requests for publications from Peace Corps Volunteers already at work in foreign countries have been coming in because of the great interest in cooperatives they found abroad.

The Service also provides information and publications to the Food and Agriculture Organization, the Foreign Agricultural Service -- particularly by sending information and publications to the agricultural attaches, the United States Information Agency, and the International Federation of Agricultural Producers.

The NEWS FOR FARMER COOPERATIVES goes regularly to people abroad who have a need for it. They say it keeps them informed on the development and operations of cooperatives in this country and provides ideas they can use in their own country.

FCS annually helps plan training programs for over 600 foreign nationals particularly interested in U. S. cooperatives. Shown here is a group from Niger consulting with Joseph G. Knapp, Administrator, FCS, at head of table and other FCS staff members.

Authority for Activities

It has been the policy of the Federal Government for the past 50 years to provide research and educational assistance to farmers on their cooperative problems. This policy of aiding cooperatives was restated by the Secretary of Agriculture in 1961. Among the points made in this official policy statement were these --

"The Department of Agriculture has a positive responsibility with regard to farmer cooperatives. This responsibility arises in part out of Federal legislation. It also results from the nature of the economic problems that confront American agriculture . . .

". . . the various agencies of the Department will give proper recognition to the basic nature of cooperative enterprise, and will exercise their functions and coordinate their activities accordingly."

The Secretary also appointed a Cooperative Advisory Committee to consult with the Department on its program of work with farmer cooperatives. This committee is made up of a representative from each of six national cooperative organizations.

Congress authorized funds for the first formal project on cooperatives in the Department back in 1913. Considerable work was done in this field for the next dozen or so years.

Then in 1926, the Cooperative Marketing Act spelled out in considerable detail the functions and aims of a new office to be set up in the Department to do cooperative research and educational work. Through this Act,

the U. S. Congress established official Government policy favoring farmer cooperatives for the first time. This act has become internationally known as a milestone for Government support for cooperatives.

FCS operates under that assignment given them by Congress -- an assignment that provides for making studies and then making the information available in ways that farmers can use to help their cooperatives adapt to their own needs.

NATIONAL AGRICULTURAL LIBRARY
1022413839

* NATIONAL AGRICULTURAL LIBRARY
1022413839

Other FCS Publications Available

Helping Farmers Build Cooperatives -- The Evolution of Farmer Cooperative Service. Circular 31. Martin A. Abrahamsen and A. W. McKay.

How Farmer Cooperative Service Works. Information 26.

How the Work of FCS with Farmer Cooperatives Contributes to the National Interest. Information 25.

How Can Farmer Cooperatives Contribute to Rural Development. Information 31.

Co-ops Have a Place in Rural Community Progress. Information 23.

Popular Publications on Farmer Cooperatives. Information 7.

A copy of each of these publications may be obtained while a supply is available from --

Information Division
Farmer Cooperative Service
U. S. Department of Agriculture
Washington 25, D. C.